GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:404
ANSWERED ON:25.04.2005
PRICES OF LIFE SAVING DRUGS
Purandeswari Smt. Daggubati;Tripathy Shri Braja Kishore

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the prices of life saving drugs for AIDS, Cancer and some other diseases are apprehended to go up due to the amendments in Patent Act and implementation of Value Added Tax (VAT) recently;

(b) if so, the details thereof and to what extent the Patent Act and VAT are responsible for the hike in prices of drugs alongwith the names of drugs thereof;

(c) the steps taken to control the prices of life saving drugs;

(d) whether the Government proposes to review new system to charge excise duty on the basis of the Maximum Retail Price (MRP) on drugs; and

(e) if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN):

(a) to (e) The existing patent law in the country provides for a strong and comprehensive set of safeguards, an inter-a/ia, has effective provisions to ensure availability of products at reasonable price through compulsory licensing. Many of the drugs already in the Indian market, including those in the National List of Essential Medicines 2003, are off-patent and their pricing would not get affected by the new patent regime. Similarly under the VAT regime, with the availability of input tax credit on VAT paid on procurement of raw material by the manufacturers of life saving drugs, the cost of production is expected to come down. Hence, increase in the prices of some life saving drugs may not be very steep. At present there is no proposal to review the levy of excise duty based on retail sale price of drugs.